

Ms. Anne O. Winn, Administrator
Union Hospital District d/b/a Ellen Sagar Nursing Home
Route 7, Box 138
Union, South Carolina 29379

Re: AC# 3-ELS-J5 – Union Hospital District d/b/a Ellen Sagar Nursing Home

Dear Ms. Winn:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1994 through September 30, 1995. That report was used to set the rate covering the contract periods beginning October 1, 1996.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Anne O. Winn, Administrator
Union Hospital District d/b/a Ellen Sagar Nursing Home
Route 7, Box 138
Union, South Carolina 29379

Re: Draft Report AC# 3-ELS-J5 – Union Hospital District d/b/a Ellen Sagar Nursing Home

Dear Ms. Winn:

The accompanying draft report has been prepared by our office. Please review the adjustments as presented.

If you have any questions concerning this report and would like a formal exit conference with the auditors, please write to me regarding the establishment of a meeting date. Your correspondence should include the above referenced control number. Your request for a conference must be made within ten (10) calendar days of your receipt of this report, and the conference must be held within twenty (20) calendar days of your receipt of this report. Any additional documentation in support of allowable cost must be received by our office no later than twenty (20) calendar days after your receipt of this report.

If we do not hear from you within ten (10) calendar days of your receipt of this report, we will assume you do not want an exit conference. In this case, I will reissue this report to you in final form and you will have thirty (30) calendar days in which to file a formal appeal if you so desire.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/kss

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Brenda L. Hyleman, Director
Division of Home Health and Nursing Home Services
Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Re: Draft Report - AC# 3-ELS-J5 – Union Hospital District d/b/a Ellen Sagar Nursing Home

Dear Ms. Hyleman:

Please review the adjustments contained in the accompanying draft report. If you have any comments or disagreements with the adjustments and resulting computations, please contact me within ten (10) calendar days.

Use of the above referenced control number is requested on any subsequent correspondence pertaining to this report.

If you do not have any comments, it will be assumed you are in agreement with the report and only those concerns of the Provider, if any, will be considered prior to the issuance of the final report.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/kss

cc: Mr. Jeff Saxon
Mr. Robert M. Kerr

**UNION HOSPITAL DISTRICT D/B/A
ELLEN SAGAR NURSING HOME**

UNION, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1996
AC# 3-ELS-J5**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 14, 1997, except for the
interim reimbursement rate reflected on
Exhibit A, as to which the date is December 3, 1999

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Union Hospital District d/b/a Ellen Sagar Nursing Home, for the contract periods beginning October 1, 1996, and for the twelve month cost report period ended September 30, 1995, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Union Hospital District d/b/a Ellen Sagar Nursing Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days section of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Union Hospital District d/b/a Ellen Sagar Nursing Home dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
February 14, 1997

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1996
AC# 3-ELS-J5

Interim Reimbursement Rate (1)	\$75.75
Adjusted Reimbursement Rate	<u>73.39</u>
Decrease in Reimbursement Rate	\$ <u>2.36</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods October 1, 1996 Through September 30, 1997
 AC# 3-ELS-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$3.00	\$35.56	\$42.83	\$35.56
Dietary	<u>.66</u>	<u>7.28</u>	<u>9.46</u>	<u>7.28</u>
Subtotal	<u>\$3.66</u>	42.84	52.29	42.84
Laundry/Housekeeping/Maint.	-	7.76	7.32	7.32
Administration & Med. Rec.	<u>\$2.25</u>	<u>6.35</u>	<u>8.60</u>	<u>6.35</u>
Subtotal	<u>\$2.25</u>	56.95	<u>\$68.21</u>	56.51
<u>Costs Not Subject to Standards:</u>				
Utilities		1.98		1.98
Special Services		.20		.20
Medical Supplies & Oxygen		3.00		3.00
Taxes and Insurance		.38		.38
Legal Fees		<u>.01</u>		<u>.01</u>
TOTAL		<u>\$62.52</u>		62.08
Inflation Factor (4.90%)				3.04
Cost of Capital				6.27
Profit Incentive (Max. 3.5% of Allowable Cost)				2.19
Cost Incentive - For Gen. Serv. & Dietary				3.66
Effect of \$1.75 Cap on Cost/Profit Incentives				(4.10)
Minimum Wage Add-On				<u>.25</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$73.39</u>

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1995
AC# 3-ELS-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DHHS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,226,940	\$ -	\$ -	\$1,226,940
Dietary	251,313	-	-	251,313
Laundry	91,400	11,458 (2)	-	102,858
Housekeeping	105,790	-	-	105,790
Maintenance	58,943	-	-	58,943
Administration & Medical Records	305,577	5,932 (3)	92,327 (1)	219,182
Utilities	68,381	-	-	68,381
Special Services	6,928	-	-	6,928
Medical Supplies & Oxygen	103,559	-	-	103,559
Taxes & Insurance	13,268	-	-	13,268
Legal Fees	392	-	-	392
Cost of Capital	<u>216,340</u>	<u>-</u>	<u>-</u>	<u>216,340</u>
Subtotal	2,448,831	17,390	92,327	2,373,894

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1995
AC# 3-ELS-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	9,852	-	-	9,852
Non-Allowable	<u>96,446</u>	<u>92,327</u> (1)	<u>5,932</u> (3)	<u>182,841</u>
Total Operating Expenses	<u>\$2,555,129</u>	<u>\$109,717</u>	<u>\$98,259</u>	<u>\$2,566,587</u>
TOTAL PATIENT DAYS	<u>34,504</u>	<u>-</u>	<u>-</u>	<u>34,504</u>
TOTAL BEDS	<u>95</u>			

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME

Adjustment Report
Cost Report Period Ended September 30, 1995
AC# 3-ELS-J5

ADJUSTMENT <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Administration	\$ 92,327	\$ 92,327
	To adjust management fees to actual per the Wallace Thompson Hospital as-filed Medicare cost report HIM-15-1, Section 2150		
2	Laundry Other Equity	11,458	11,458
	To adjust laundry cost to actual per the Wallace Thompson Hospital as-filed Medicare cost report HIM-15-1, Section 2150		
3	Administration Nonallowable	5,932	5,932
	To adjust step down allocation for effect of AJE #1 State Plan, Attachment 4.19D		
		_____	_____
	Total Adjustments	<u>\$109,717</u>	<u>\$109,717</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.